

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

Auditor SUZANNE M. BUMP | KATHLEEN M. FALLON | KATE FITZPATRICK | JAMES M. MACHADO | ROBERT B. MCCARTHY | JENNIFER F. SULLIVAN

## MEMORANDUM

TO: Worcester Regional Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: October 10, 2018

This Commission is hereby furnishing you with approval of the revised funding schedule the Board recently adopted (copy enclosed). The schedule is effective in FY19 (since the amount under the prior schedule was maintained in FY19) and is acceptable under Chapter 32.

The System maintained the 7.75% investment return assumption used in the 2016 actuarial valuation. Although this assumption is acceptable, we believe it is at the high end of a reasonable range of investment return assumptions as of January 1, 2018. We have generally recommended an assumption between 7.25% and 7.40% for our 2018 local system valuations, with the most common recommendation being 7.35%. For comparison, there are currently 35 systems using an assumption of 7.50% and an additional 38 systems using an assumption of less than 7.50%.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

JEC/jrl

P:\actuarial\APPROP\Approp19\worchester regional approval.docx  
Enc.



## SECTION 3 - CHAPTER 32 OF M.G.L. APPROPRIATIONS

### Exhibit 3.2 - 30-Year Forecast of Annual Appropriations

Fiscal Year Ending	Employer Normal Cost	Amortization Payment of UAL	Amortization Payment of ERI 2002	Amortization Payment of ERI 2003	Amortization Payment of ERI 2010	Total Employer Cost	Increase over Prior Year	Unfunded Actuarial Accrued Liability
2019	\$20,350,226	\$34,558,075	\$1,423,676	\$279,128	\$5,770	\$56,616,875		\$829,135,167
2020	21,024,235	39,440,820	1,487,741	291,689	5,769	62,250,254	9.95%	856,436,937
2021	21,725,204	44,853,675	1,554,689	304,815	5,770	68,444,153	9.95%	880,800,931
2022	22,454,212	50,851,184	1,624,651	318,532	5,769	75,254,348	9.95%	901,455,763
2023	23,212,380	57,499,149	1,697,760	332,866	-	82,742,155	9.95%	917,514,533
2024	24,000,875	64,852,121	1,774,159	347,845	-	90,975,000	9.95%	927,960,266
2025	24,820,910	72,988,609	1,853,996	363,498	-	100,027,013	9.95%	931,629,650
2026	25,673,745	81,988,674	1,937,425	379,855	-	109,979,699	9.95%	927,194,915
2027	26,560,696	91,940,424	2,024,611	396,949	-	120,922,680	9.95%	913,143,617
2028	27,483,123	102,940,836	2,115,718	414,811	-	132,954,488	9.95%	887,756,113
2029	28,442,448	117,741,010	-	-	-	146,183,458	9.95%	849,080,469
2030	29,440,146	131,288,566	-	-	-	160,728,712	9.95%	794,904,529
2031	30,477,752	146,243,467	-	-	-	176,721,219	9.95%	722,724,811
2032	31,556,862	162,748,118	-	-	-	194,304,980	9.95%	629,711,919
2033	32,679,136	180,959,190	-	-	-	213,638,326	9.95%	512,672,066
2034	33,846,301	198,008,618	-	-	-	231,854,919	8.53%	368,004,295
2035	35,060,153	205,928,963	-	-	-	240,989,116	3.94%	194,751,175
2036	36,322,559	-	-	-	-	36,322,559	-84.93%	-
2037	37,635,462	-	-	-	-	37,635,462	3.61%	-
2038	39,000,881	-	-	-	-	39,000,881	3.63%	-
2039	40,420,916	-	-	-	-	40,420,916	3.64%	-
2040	41,897,753	-	-	-	-	41,897,753	3.65%	-
2041	43,433,664	-	-	-	-	43,433,664	3.67%	-
2042	45,031,010	-	-	-	-	45,031,010	3.68%	-
2043	46,692,250	-	-	-	-	46,692,250	3.69%	-
2044	48,419,940	-	-	-	-	48,419,940	3.70%	-
2045	50,216,738	-	-	-	-	50,216,738	3.71%	-
2046	52,085,407	-	-	-	-	52,085,407	3.72%	-
2047	54,028,823	-	-	-	-	54,028,823	3.73%	-
2048	56,049,976	-	-	-	-	56,049,976	3.74%	-

Worcester Regional Retirement System  
Actuarial Valuation as of January 1, 2018